

Inquiry foreshadows major rationalisation of Australian performing arts

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The Australian government has initiated talks with theatre, music, dance and opera company administrators on *Securing the Future*, a government discussion paper released last August into the economic health of Australia's leading performing arts companies.

The discussion paper, which was produced by the Major Performing Arts Inquiry, claims to be part of a government consultation process aimed at overcoming the financial crisis currently facing performing arts companies. But rather than resolve the ongoing economic difficulties and improve the availability and quality of the performing arts, the options suggested in the 313-page document foreshadow a major restructure of government funding with possible job losses and the amalgamation, or outright closure, of some companies.

The Major Performing Arts Inquiry was established last December by the Cultural Ministers' Council (a gathering of state and federal arts ministers) to "identify options and recommend action" to ensure that Australia has "a financially healthy, artistically vibrant and broadly accessible major performing arts sector." The inquiry will present its final report and recommendations to the government in late September or early October. The recommendations will be discussed at the next Cultural Ministers' Council with major changes implemented over the next three years.

Using submissions provided by 31 leading performing arts companies receiving government subsidies, which includes six dance, four opera, nine theatre and 12 music companies, *Securing the Future* provides a snapshot of the situation facing performing arts.

The 31 companies, which directly employ over 3,300 people and presented 4,184 performances, or more than 11 per day during 1998, have dwindling reserves, increasing deficits, and have lost a combined total of \$13.9 million over the last six years.

* Total financial reserves for 20 of the 31 companies' investigated is only \$2.7 million—less than the amount needed to cover operating losses expected next year.

* While major theatre, dance and opera companies performances in Sydney and Melbourne generate high ticket sales, box office receipts are dwindling and inadequate to cover rising costs. Adelaide-, Brisbane-, Perth- and Hobart-based performing arts companies have been more adversely affected, with static attendances and fewer opportunities to increase private sector funding.

* Six companies—the Melbourne Theatre, Bell Shakespeare, Black Swan, the State Theatre Company of South Australia, Australian Dance Theatre and the Australian Chamber Orchestra have negative assets and unless provided with an immediate injection of government or corporate funding could be forced to close in the next year.

One of the major factors in this crisis is the insufficient and declining, in real terms, government funding to the performing arts. Total government funding to the companies investigated—the largest and most successful performance groups in the country—is \$86.6 million a year. While this is more than the \$66.1 million provided in 1993, this increase does not match higher costs now faced by the companies and disguises outright cuts in government funding to dance and pit orchestras in the same period. From 1993-1997, government funding for dance was cut by \$327,000, and \$265,000 for pit orchestras.

The composition of government funding has also changed over the last four years with a shift from base support funding to specific project funding. In 1993, base funding, which is used for recurrent costs, comprised 55.6 percent of total Federal government funds. By 1997 this declined to 50.8 percent with companies forced to seek funds through one-off special project grants.

As the discussion paper admits, all the performing arts companies surveyed have been hit by increases in marketing, venue and equipment rental, transportation and other basic production costs. These escalating costs have forced them to adopt a series of measures, including ticket price increases, in an attempt to make up funding shortfalls. Dance and opera ensembles and choruses have been reduced in size and repertoire cuts made by some companies. Fewer new works are now included in the orchestras' main subscription seasons and the Young Artists' program has been discontinued by some state opera companies. Opera Australia's program has been cut and most companies have reduced their educational programs and touring schedules.

Other measures undertaken to try and boost attendances and box office receipts include the staging of more "popular" repertoires or more visually spectacular events, and the use of more "name" artists or stars. These measures have failed to overcome attendance problems and, when added to program cuts and other cost saving measures, have undermined the artistic and creative integrity of the companies. Commercial pressures have also made many companies unwilling to stage challenging works by less

established playwrights, choreographers or musicians.

While voicing concern over problems facing the larger performing arts companies, the discussion paper does not touch on the 400 or so smaller and middle range companies which receive little or no government support. It makes no reference to the scores of performing arts companies that have been forced to close because of government funding cuts over the last fifteen years.

Securing the Future bluntly rejects all calls for increased government funding. "[S]ubmissions to the Inquiry," it says, "have suggested that simply providing more government funding to the companies will solve the challenges they face. The view of the Inquiry is that this is not the case."

This response is no surprise. The inquiry is headed by a group of bankers, industrialists and business executives whose central concerns are market demand, profit and survival of the financially fittest. Helen Nugent, who chairs the inquiry, is a former Director of Strategy at Westpac bank. Prior to this she was Professor in Management and Director of the MBA program at the Australian Graduate School of Management.

Other Inquiry members include Michael Chaney, managing director of Wesfarmers and a director of BHP, one of Australia's wealthiest corporations; David Gonski, chairman of the Hoyts Cinema chain and a director of John Fairfax, Coca-Cola Amatil, Westfield and Mercantile Mutual; and Catherine Walter, a director of the National Australia Bank, Orica, the Australian Stock Exchange and the Melbourne Business School.

The paper offers three main "options": ongoing government support to all four art forms (dance, music, opera and theatre); government support to only those art forms in which Australia is "internationally competitive"; or government support to those art forms deemed to have "broad appeal" and "social relevance".

The first option would see the closure or amalgamation of several companies. Suggestions mooted include the formation of a tri-state dance company to cover Western Australia, South Australia and the Northern Territory, thereby eliminating some state-based or other dance companies; corporatisation of the State Orchestra of Victoria and the Queensland Philharmonic Orchestra; and the establishment of Opera Australia as the only government supported opera company.

The second option—government support of art forms in which Australia is internationally competitive—would mean that only the most successful companies or performance art forms or those with guaranteed international appeal, such as Aboriginal dance and music, would receive government funding.

The third major option proposed—government funding for those arts forms with "broad appeal" and "social relevance"—could see major cuts to opera, and classical forms of drama, music and dance, and an orientation to more commercial productions.

Other proposals also include casual employment contracts for ensemble members; further cuts to the number and scale of productions by larger companies; amalgamation of several theatre companies; and the establishment of "performance agreements" between companies and those government bodies providing funds, foreshadowing more direct government control. The paper also suggests that those companies facing immediate financial problems should sell off any accumulated assets.

The media have hailed the discussion paper and praised those heading the Inquiry for their hard-nosed business approach. On August 6, Murdoch's the *Australian* editorialised that many leading performing arts companies were "basket cases and, by any commercial measure, should be consigned to the scrap heap."

Noting that many of those involved in the arts had called for increased government funding, the newspaper declared: "It is commendable and realistic of the authors to reject this and to suggest the industry needs to improve box-office and fee income, strengthen private sector support, reduce costs and—most importantly—strengthen balance sheets. The final report, however, will clearly demonstrate if the arts companies themselves are capable of meeting the challenge."

The *Australia* later ran an article headlined "Figuring out funds on seats", highlighting the disparity between per ticket government funding for performing arts companies in the small state capitals compared to ticket subsidies provided by the government to companies based in Sydney and Melbourne.

This was echoed in the *Financial Review* on August 10. The big business newspaper praised Inquiry heads for "applying clear-headed business analysis" to the performing arts and declared that companies in the smaller state capitals "would have to adopt creative structural approaches like common management of companies and visits by out-of-State companies in order to maintain cost-effective access."

While up to date there have been no official public statements by the major performing arts companies it will soon become apparent to them that the government, with the support of the mass media, is laying the ground for a major reorganisation of arts funding, with damaging consequences.

Tamara Winikoff, from the National Association for the Visual Arts, recently commented on the market-oriented outlook of many government officials. "If the attitudes of Treasury and the Australian Tax Office were definitive," she wrote, "the formula would be that the arts have to run as a business. This market-driven view sees the purpose of the arts as the provision of leisure amusement and the production of identity-enhancing commodities competing in the global entertainment and recreation marketplace with other services and artifacts." Although Winikoff was referring to the visual arts, the same conceptions are driving the government's current Major Performing Arts Inquiry.



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